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SUBJECT: ICELAND: 2006 COUNTRY REPORTS ON TERRORISM

REF: STATE 175925

11. Post submits the following narrative for inclusion in the 2006 Country Reports on Terrorism. Text of report will also be emailed to EUR/NB and S/CT via unclass and classified email.

12. Begin text of submission:

Iceland

Iceland is a NATO ally and party to all 12 major UN conventions against terrorism. Though the country does not have a military of its own, in 2006 the government undertook efforts to review its national security policy following the withdrawal of U.S. military forces from Iceland. Iceland does not provide official support to terrorist organizations and is a partner of the U.S. government in counterterrorism efforts.

The Icelandic government does not provide sanctuary for terrorists or terrorist organizations and has made strong efforts to ensure that Iceland is not a haven for terrorist groups. In June 2006 Iceland passed the "Act to Counter Money Laundering and the Financing of Terrorist Acts," which brought Icelandic law fully into compliance with the Financial Action Task Force's recommendations regarding terrorist financing. Icelandic authorities implement asset-freeze requests from the United Nations 1267 Committee and cooperate with U.S. government asset-freeze requests. As part of its efforts to prevent trafficking in weapons of mass destruction, Iceland is a member of the Proliferation Security Initiative and a participant in the U.S. Coast Guard's International Port Security Program. Iceland is a party to the Schengen Agreement and as such consults closely with other Schengen states on border control and security matters.

There are no known international or domestic terrorist organizations operating in Iceland. In September 2006 the National Police Commissioner's Office confirmed that it was investigating a case involving a resident who had shown an interest in researching explosives and bomb making. No charges were brought in the case, but this was the first public confirmation that Iceland's police conduct pre-emptive investigations of possible terrorist activity. Further, on September 26, 2006 the government announced efforts to strengthen its security and counterterrorism capabilities, including among other actions a legal review of intelligence and information sharing with foreign governments, the planned establishment of a national security unit within the National Police Commissioner's Office, and purchases of a new fixed-wing aircraft and patrol vessel for the Icelandic Coast Guard (ICG).

With the closure of the Cold War-era U.S. Naval Air Station Keflavik in September 2006, the governments of the U.S. and Iceland committed

themselves to developing new security arrangements focused on countering terrorism and other emerging threats, such as proliferation and trafficking. On October 12, 2006, Iceland's Prime Minister and Foreign Minister and the U.S. Secretary of State signed a Joint Understanding on defense and security issues, detailing new initiatives in training, exercises, and intelligence.

During the year the Government of Iceland conducted several joint counterterrorism training activities with the U.S. government. From August 29-30, 2006, the ICG hosted Operation Northern Challenge, an explosive ordnance disposal (EOD) and anti-improvised explosive device exercise with participants from the ICG, the U.S., and five other NATO and Partnership for Peace militaries. From October 12-17, the ICG's EOD unit and the National Police Commissioner's "Viking Squad" counterterrorism unit provided security for the visit of the amphibious assault ship USS Wasp; on October 16, the Viking Squad and the EOD unit conducted counterterrorism training with support from the Wasp's helicopter detachment.

Iceland supports NATO counterterrorism operations in Afghanistan through the deployment of a mobile observation team to the provincial reconstruction team in Ghor Province and its role as lead NATO nation at Kabul International Airport. Iceland has also deployed personnel to the Sri Lanka Monitoring Mission, which reports violations of the cease-fire between the Sri Lankan government and the Liberation Tigers of Tamil Eelam (LTTE). Politically, Iceland supports OSCE counterterrorism efforts and has also been active at the United Nations in supporting the passage of a Comprehensive Convention on International Terrorism.

End text.

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